

Kosova Rehabilitation Centre for Torture Victims (KRCT)

**Financial Statements and Independent Auditors' Report
December 31, 2018**

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Independent Auditors' Report

To the management of Kosova Rehabilitation Centre for Torture Victims

Report on the Audit of the Financial Statements

Unqualified Opinion

We have audited the accompanying financial statements of the Kosova Rehabilitation Centre for Torture Victims (further referred to as "the Organization" or "KRCT") which comprise of the Statement of Financial Position as at 31 December 2018, and the Statement of Comprehensive Income, Statement of changes in funds and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 6 to 15.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Organization as of 31 December 2018, and its financial performance, changes in funds and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kosova, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined there are no key audit matters to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Audit Check ,


Haxhi Nimanaj

Statutory Auditor
Tel: +377 44 224 012

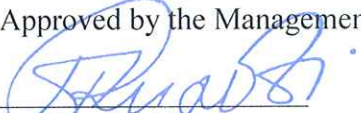


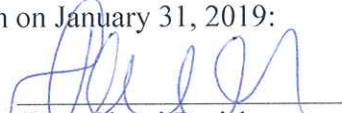
26 February, 2019

Statement of Financial Position

	Note	31 December 2018	31 December 2017
Assets			
Current assets			
Cash and cash equivalents	3	123,818	136,346
Grants receivable			
Advances and prepayments			
		123,818	136,346
Noncurrent assets			
Vehicles and equipment	4	7,167	10,277
Total noncurrent assets		7,167	10,277
Total assets		130,985	146,623
Liabilities			
Short term liabilities			
Accounts payable	5	7,309	1,190
Grants payable			1,117
Deferred revenue from grants	6	62,661	83,804
Total liabilities		69,970	86,111
Equity			
Retained earnings		60,512	42,810
Surplus of the year		503	17,702
Total Equity		61,015	60,512
Total Equity & Liabilities		130,985	146,623

Approved by the Management of the Organization on January 31, 2019:


 Feride Rushiti
 Executive Director


 Besa Shatri Berisha
 Finance Manager

Statement of Operation

The Kosova Rehabilitation Centre for Torture Victims (KRCT)
Financial Statements as of and for the year ended December 31, 2018

	Note	Year ended on December 31,	
		2018	2017
Income			
Income from Donors	7	408,267	514,903
Other income		4,584	
Total Income		412,851	514,903
Expenses			
Program expenses	8	(314,603)	(376,737)
General and administrative expenses	9	(97,745)	(120,464)
Total expenses		412,348	(497,201)
Surplus / (Deficit) of the year		503	17,702

The Kosova Rehabilitation Centre for Torture Victims (KRCT)
Financial Statements as of and for the year ended December 31, 2018

Cash Flow Statement

		Year ended on December 31,	
		2018	2017
Operating activities			
Cash received			
Total cash received			
Cash paid			
Staff cost		(49,819)	(83,163)
Fuel and maintenance of vehicles		(3,257)	(4,115)
Utility		(2,817)	(5,385)
Rent		(20,987)	(19,185)
Communication		(2,130)	(2,520)
Office supply		(6,122)	(4,942)
Project staff costs		(140,481)	(184,626)
Capacity building		(20,312)	(14,255)
Experts and consultants fee		(4,835)	(5,209)
Other administrative payments		(6,495)	(4,656)
Other project expenditure payments		(148,975)	(165,040)
Total payments		(406,229)	(493,095)
Cash flow from operating activities		(406,229)	(493,095)
Investing activities			
Purchase of property plant and equipment	4		
Cash flow from investing activities			
Financing activities			
Grants received in cash		393,702	570,642
Cash flow from financing activities		393,702	570,642
Net cash flow during the year		(12,526)	77,546
Cash at the beginning of the year		136,346	58,800
Cash at the end of the year	3	123,818	136,346

Statement of Changes in Funds

	Year ended on December 31,	
	2018	2017
Equity at the beginning of the year	60,512	42,810
Surplus for the year	503	17,702
Deficit for the year		
Equity at the end of the year	<u>61,015</u>	<u>60,512</u>

1. General Information

The Kosova Rehabilitation Centre for Torture Victims (KRCT) is an independent, non-governmental and non-profit organization that was founded in 1999 with the mission to provide treatment and rehabilitation for Kosovar torture victims. KRCT continuously works to expand its staff's and the public sector's capacity to provide services on trauma and torture related issues. KRCT is also engaged in promoting the respect of human rights for all of Kosova's ethnicities and in the prevention and eradication of torture and any form of ill-treatment.

The Kosova Rehabilitation Centre for Torture Victims has the mission to raise the psychosocial welfare of torture victims and to improve their status through rehabilitation, reintegration and resocialization.

2. Basis of preparation and significant accounting policies

2.1 Significant accounting policies

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of Preparation

The financial statements are presented in Euro. They have been prepared in accordance with the historical cost convention. The accounting policies have been consistently applied, and except where otherwise indicated, are consistent with those adopted for the previous financial year.

The reporting period of the Organization is twelve months ending 31 December of each year. Financial statements are prepared on a comparative basis reflecting balances for the current year and previous year.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and cash deposited with local banks.

d) Receivables

Receivables are recorded in the balance sheet when the amounts are due from debtors. Receivables are initially measured at cost and subsequently at cost less impairment.

The impairment calculation compares the carrying amount of the financial asset with the discounted present value of the currently estimated amounts and timings of payments. Any impairment loss is charged to net profit or loss for the period.

e) Plant and equipment

Items included in this category represent vehicles, office supply and IT equipment and are recognized as assets when it is probable that:

- the future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

They are initially recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use.

The Organization carries the assets at cost less accumulated depreciation and impairment losses, if any. Depreciation of assets is recorded annually using the Straight Line method and taking into consideration their estimated useful life. The following rates are applied:

- Vehicles - 20 %
- Other equipment – 20 %

An item of plant and equipment is removed from the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal.

f) Grants

Grants are recognized only when there is reasonable assurance that:

- The Organization will comply with the conditions attaching to them, and
- The grants will be received.

Operating grants are recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Grants earmarked for asset acquisitions are deferred and recognized as income over the useful life of the underlying asset.

g) Accounts payable

Accounts payable are recognized when the amount is determinable and the obligation to settle the amount exists as a result of the Organization's operations. They are stated at cost.

h) Expense

Expenses are recognized as incurred.

i) Foreign currency

Foreign currency transactions are translated using the exchange rate valid on the date of the transaction. Any gains and losses arising on settlement of amounts payable or receivable are recognized in the statement of operations.

At the end of a period, outstanding foreign currency monetary items are reported using the exchange rate valid on the last day of the period. Any resulting gains or losses are recognized in the statement of operations.

j) Tax on profit

The Organization is exempt from tax on profit.

k) Revenues & Expenses

During the current period, the Organization received grants to sustain its operations and to finance the costs of the Projects. The grants are provided on the basis of specific projects and/or budgets submitted to and approved by the donors.

3. Cash and cash equivalents

	As at 31st December, 2018	As at 31st December, 2017
Cash in hand	588	532
Cash in bank	123,230	135,814
Total cash and cash equivalents	123,818	136,346

4. Vehicles and Equipment

	Vehicles and Equipment
Cost	
Value at January 1st, 2018	17,127
Additions during the year	
Disposals during the year	
As at December 31st, 2018	17,127
Accumulated Depreciation	
As at January 1st, 2018	(6,850)
Depreciation for the year	(3,110)
As at December 31st, 2018	(9,960)
Net book value	
As at January 1 st , 2018	10,277
As at December 31st, 2018	7,167

5. Accounts payables

	As at 31st December, 2018	As at 31st December, 2017
Taxes and contributions	5,048	
Trade accounts payable	2,261	1,190
Other		
Total accounts payable	7,309	1,190

6. Deferred revenues from grants

	As at 31st December, 2018	As at 31st December, 2017
Deferred revenues for operation expenditure	61,094	73,527
Deferred revenues for fixed assets	1,567	10,277
Total deferred revenues	62,661	83,804

List of deferred Revenue at the year end:

	As at 31st December, 2018	As at 31st December, 2017
Donors		
Caritas	19,020	
MPMS		35,491
NHC	6,089	
OSI	11,319	19,778
Other	24,666	18,258
Total deferred revenue from grants	61,094	73,527

7. Income from DONORS

	Year ended on December 31st	
	2018	2017
Antares Foundation	21,601	10,763
Great Britain Embassy	157,109	131,409
OSI	65,357	69,194
PEN/US		17,992
UNHCR		146,729
Medica Mondiale	42,301	4,765
Civil right defender	13,778	14,216
RRGGK		45,166
ATRC/USAID		22,979
Caritas	35,980	
MPMS	24,200	
Other Donors	47,941	51,691
Total income from donors	408,267	514,903

8. Program Expenses

	Year ended on December 31st	
	2018	2017
Project staff cost	140,481	184,626
Capacity building	20,312	14,255
Experts and consultants	4,835	5,209
Publication and Promotion materials	7,055	4,503
Contributions to implementing partner	30,500	37,365
Rehabilitation costs	17,326	25,975
Workshops, training, seminars and related activities	8,597	18,556
Rented equipment		480
Medicaments	3,582	2,863
Project Activities	68,261	66,045
Other project expenditure	13,653	16,859
Total program expenses	314,603	376,737

9. General and Administrative Expenses

	Year ended on December 31st	
	2018	2017
Staff costs	54,867	83,163
Fuel and maintenance of vehicle	3,257	4,115
Utilities	2,817	5,385
Rent	20,987	19,185
Communication	2,130	2,520
Office Supply	6,122	4,942
Other	7,566	1,155
Total program expenses	97,745	120,464